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# ASSESSING LAND INVESTMENT QUALITY

A methodology to assess the quality of land  
concessions and leases in the Lao PDR

Cornelia Hett, Vong Nanhthavong, Miles Kenney-Lazar, Ketkeo Phouangphet, Savanh Hanephom



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## SUMMARY

Foreign investment in land and natural resources in Laos is on the rise. The past decade has seen a 50-fold increase in the number of concession and lease projects, mainly in mining, tree plantations, agricultural commodities, and hydropower. However, the lack of accurate and publicly available information on these projects makes policy making difficult, and global and national evidence points towards the negative impacts these land deals have had on local livelihoods and the environment. Nonetheless, some investments have had positive social impacts and only limited negative environmental impacts. While a number of case studies show the differentiated impacts of certain land investments, there is little data enabling a comparative evaluation of the quality of land deals across the whole country. Generating such information will provide the Government of Laos (GoL) with the foundations to analyse, regulate, and improve the outcome of investments in the country's natural resources.

The GoL and the Centre for Development and Environment (CDE) of the University of Bern, Switzerland, have developed a methodology to systematically assess the quality of existing land concessions and leases. The work was carried out within the scope of the Lao DECIDE info project mandated by the Swiss Agency for Development and Cooperation (SDC). This quality of investment (QI) methodology enables assessment of the environmental, economic, and social impacts, as well as how existing land concessions and leases comply with international standards and Lao law. The methodology is outlined in detail in this booklet, which is aimed at as wide a readership as possible – and we hope it will be of particular use to development partners and organizations working on land concession and land lease issues. Our methodology was developed in Laos, but can be adapted for use elsewhere.

Our QI methodology is based on a series of interviews with key stakeholders, including Government representatives at provincial, and district level; the land concession/lease project representatives; and village communities affected by the project. For this purpose, a standardized set of questionnaires containing mostly closed-ended questions was co-developed by the project partners, in consultation with further international and national experts in the fields of agriculture, forestry, mining, and environmental impact assessment and monitoring.

We piloted the QI methodology in Luang Prabang province in 2014, before extending the field data collection campaign to all other provinces of Laos. The data collected in Luang Prabang enabled us to conduct an in-depth analysis of single or bundled variables from our questionnaires for a total of 74 concession/lease projects, and to provide insights into key policy debates based on our broad sample of evaluated projects. So far, knowledge on such and other issues only exists in a few individual case studies, but there is no systematic overview. We aim to provide this, using the methodology presented here.

This booklet also outlines a further step we took, which was to design a system to rate investment quality, based on our QI assessment. This was a direct response to a Prime Ministerial Order of the GoL in 2012, which declared a moratorium on new concessions and called for an evaluation of the impacts of all existing concession projects. The order came amid increasing awareness of some severe negative impacts of large-scale land concession projects, and at a time when a significant share of arable land in Laos had already been granted. Currently still under development, we refer to this draft rating system as an investment quality index, or IQI. The IQI is multi-tiered and can show in detail how a project has impacted on specific facets of legal compliance, environmental quality, economic development, and social aspects.

The IQI is composed of questions covering four facets: legal compliance, environmental impacts, economic impacts, and social impacts. At the first tier, we rate projects on a scale of 1 to 100, with 100 being of high quality, in full compliance with Lao law, and with positive environmental, economic, and social impacts. At the second tier, this figure is broken down to give a score for each of the four aspects. The third tier allows us to examine all the individual indicators that contribute to each facet. The IQI thus has the advantage of enabling easy comparison between projects at a given time, while simultaneously allowing for a relatively in-depth investigation of why a project received a certain score. Additionally, it can be used to introduce standardized baseline data on investment quality and hence to benchmark the development of individual land concession and lease projects against their baseline over time, which makes it a user-friendly, standardized tool for monitoring.

Assessing quality aspects of land concessions and leases is a component of the Lao DECIDE info project, which supports several Lao government departments in the collection, management, and analysis of their own core spatial data sets through technical assistance and capacity building. The component builds on an ongoing update of the existing land concessions and leases inventory, the first of which was carried out by the GoL and the German international cooperation agency GIZ, on all land concessions and leases in Laos between 2007 and 2011.

We hope that having methods and tools such as the ones created through our work can help the GoL and potentially other governments improve the land concessions and leases landscape in their countries. If land concessions and leases are steered in a positive direction, they can contribute to sustainable development – not just economic development at all costs.

## ABBREVIATIONS

<b>CDE</b>	Centre for Development and Environment, University of Bern, Switzerland
<b>DAFO</b>	District Agriculture and Forestry Office
<b>DALaM</b>	Department of Agricultural Land Management
<b>DGM</b>	Department of Geology and Minerals
<b>DLSW</b>	Department of Labour and Social Welfare
<b>DoEM</b>	District Office of Energy and Mines (Province or District level)
<b>DoF</b>	Department of Finance (Province or District level)
<b>DoF (MAF)</b>	Department of Forestry, Ministry of Agriculture and Forestry
<b>DoLA</b>	Department of Land Administration
<b>DoM</b>	Department of Mines (Central level)
<b>DoNRE</b>	District Office of Natural Resources and Environment
<b>DoPC</b>	Department of Planning and Cooperation, Ministry of Agriculture and Forestry
<b>DPI</b>	District Office of Planning and Investment (Province or District level)
<b>E-Gov</b>	E-Government Center of the MPT
<b>FDI</b>	Foreign Direct Investment
<b>FPIC</b>	Free Prior and Informed Consent
<b>GIZ</b>	Deutsche Gesellschaft für Internationale Zusammenarbeit
<b>GoL</b>	Government of Laos
<b>IPD</b>	Investment Promotion Department (Central level)
<b>IQI</b>	Investment Quality Index
<b>Lao PDR</b>	Lao People's Democratic Republic
<b>MAF</b>	Ministry of Agriculture and Forestry
<b>MoNRE</b>	Ministry of Natural Resources and Environment
<b>MPI</b>	Ministry of Planning and Investment
<b>MPT</b>	Ministry of Post and Telecommunications
<b>NIER</b>	National Institute for Economic Research
<b>NSEDP</b>	National Socio-Economic Development Plan
<b>PAFO</b>	Provincial Agriculture and Forestry Office
<b>PoNRE</b>	Provincial Office of Natural Resources and Environment
<b>QI</b>	Quality of Investment
<b>SDC</b>	Swiss Agency for Development and Cooperation
<b>UNCTAD</b>	United Nations Conference on Trade and Development

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A coal mine concession site in Nonghet district, Xieng Khouang province. Photo: data collection team



# THE RUSH ON LAND: BOON OR SETBACK FOR DEVELOPING COUNTRIES?

Worldwide, demand for land is soaring. In an effort to match demand for agricultural commodities and natural resources, investors are snapping up land, especially in developing countries. Reported concluded land deals across the globe covered over 48 million hectares (ha) in 2016<sup>(1)</sup>. The magnitude of these investments is nothing short of transformational. If only half of these deals are confirmed, it would still make up a significant portion of the farmland in the most affected countries.

Despite rhetoric to the contrary, investors are not purchasing virgin land. The best available data suggests that at least 45% of land deals are for land already cultivated by small-scale farmers<sup>(2)</sup>. Most of these investments are for the production of fibre, rubber, biofuels, and animal feed – not food. And most of the production is exported<sup>(2)</sup>, despite the fact that the majority of countries that sell or lease land have agrarian economies and high rates of malnourishment.

Land concessions and leases (hereafter land concessions) can make contributions to national economic development, but often do so at the expense of local livelihoods and the environment. Some land concession projects, however, have greater and more negative social and environmental impacts than others. Thus, it is important to distinguish between different types of project to know which to promote and which to regulate or restrict. But how can we distinguish between a good and a bad investment in land? A systematic evaluation of the quality of investment (QI) will provide a baseline from which to analyse, regulate, and improve the outcome of investments in the country's natural resources.

Such a methodology has been developed by the Government of Laos (GoL) and the Centre for Development and Environment (CDE) of the University of Bern, Switzerland, with funding from the Swiss Agency for Development and Cooperation (SDC). This QI methodology enables a systematic assessment of the quality of existing land concessions and leases in the agriculture (crops and livestock), tree plantation, and mining sectors. Developed in the Lao People's Democratic Republic (Lao PDR, hereafter Laos), the methodology can be adapted for use elsewhere. We explain this QI methodology in detail

in this booklet, and also provide an introduction to a draft rating metric, the investment quality index, or IQI. Our current work focuses on gathering investment quality data for land concessions from the whole country, as well as on fine-tuning the IQI in a participatory, consultative process with GoL partners.

Our QI methodology is part of the land concessions component of the Lao DECIDE info project and thus closely linked to current efforts to update the existing Lao national land concession inventory. Box 1 gives further details on DECIDE info III and its component on land concessions.

We aim to make this booklet as widely accessible as possible. We hope it will be of use to development partners and organizations working in Laos on topics related to land concessions (e.g. land rights, and development of the agricultural, forest, and mining sectors), as well as to researchers or project leaders at the international level, working in related fields.

## Laos: a 50-fold increase in land investments – how sustainable is this development?

Laos is rich in natural resources but remains one of the poorest countries in Southeast Asia. Over the last decade, large-scale investment in land and natural resources has expanded rapidly, particularly in primary-sector projects such as tree plantations, agriculture, mining, and hydropower. The number of concessions granted by the Lao government during this ten-year period rose 50-fold<sup>(3)</sup>, aided by the government's open-door policy to attract foreign direct investment (FDI) as a way of facilitating national socio-economic development. Specifically, FDI was intended to significantly contribute to rural development by triggering improvements in infrastructure, technology, know-how, and market access. Under the National Socio-Economic Development Plan (NSED), the country's average target for GDP growth was 8% per annum (2011–2015). It is currently 7.5% per annum (2016–2020)<sup>(4)</sup>, 60% of which is intended to come from private investment.



Heavy rains hamper the progress of field data collection in Savannakhet province. Photo: data collection team

### The Lao DECIDE info III project

A joint initiative of the Government of Laos and the Government of Switzerland, Lao DECIDE info strives to improve access to key data and information for development planning and decision-making. The project is currently in its third phase (2013–2018). It receives technical and conceptual support from the Centre for Development and Environment (CDE) of the University of Bern, Switzerland. Lao Decide info is mandated by the Swiss Agency for Development and Cooperation (SDC).

### The land concessions component of Lao DECIDE info

The component on land concessions focuses on the following activities:

- To update and enhance the existing inventory on concessions and leases, thus assessing key characteristics and geographical features of land concessions and leases;
- To carry out an assessment of investment quality, and design a ranking system for measuring and tracking land investment quality (presented here in this booklet);
- To establish a central inventory database for cross-sectoral management of this key data, and to develop a pilot application for continuously updating the inventory through the involved GoL agencies at different administrative levels;
- To conduct cross-sectoral integrated analysis of data related to land concessions, in order to feed evidence on the state and development of the land into policy processes in Laos.

For the topic of land concessions, seven departments from four Ministries have partnered together to carry out activities related to concession management and advising policy and decision-making for the sectors of agriculture (crops and livestock), tree plantations, and mining:

- The Department of Investment Promotion (IPD), Ministry of Planning and Investment (MPI)
- The Department of Planning and Cooperation (DoPC), Ministry of Agriculture and Forestry (MAF)
- The Department of Land Administration (DoLA), Ministry of Natural Resources and Environment (MoNRE)
- The Department of Mines (DoM), Ministry of Energy and Mines (MEM)
- The Department of Geology and Minerals (DGM), Ministry of Natural Resources and Environment (MoNRE)
- The Department of Agricultural Land Management (DALaM), Ministry of Agriculture and Forestry (MAF)
- The Department of Forestry (DoF), Ministry of Agriculture and Forestry (MAF)

Box 1: The DECIDE info III project and its land concession component in a nutshell.

## Why assess investment quality in Laos?

FDI is an integral component of economic development in many countries and is often pursued at all costs without considering the negative social and environmental ramifications it may have. Thus, it is important to evaluate not only to what degree FDI leads to economic growth, but also the impacts it has on local social and environmental conditions. In that respect, Laos today is at a critical point. While it has attracted much investment – indeed, a large share of arable land has already been granted – many projects have had significant negative impacts. Ensuring that FDI is more in line with the goals of socially and environmentally sustainable development requires a comprehensive understanding of the quality of land investments.

For this we need a methodology – to distinguish the “good” investments from the “bad” – as well as a regulatory system capable of keeping up with the way the investments are progressing. As land concessions are an important part of the Lao government’s economic development strategy and will likely remain so in the future, it is important to develop tools for improving their governance, to ensure that their contribution to eradicating poverty is more effective.

Current debates among policymakers and development partners in Laos focus on improving the quality, responsibility, or governance of concessions. An integral part of the GoL’s strategy to graduate from Least Developed Country status by 2020 is to use land concessions as drivers to improve the rural economy. In this regard, however, large-scale land concessions have not performed well. The question is how to identify “good” investments that help meet the goal of eradicating rural poverty, while setting up rules, guidelines, and a monitoring system to improve the performance of “bad” projects and land investments overall.

Recent media attention and research reports <sup>(5,6)</sup> revealed that some land concession projects were operating with detrimental effects on the environment and the local population. As a result, the government placed several moratoria on land concessions – the latest in June 2012, halting new concessions for mineral prospecting and rubber and eucalyptus tree plantations until the end of 2015 – and called for an evaluation of the quality of existing land concession projects. The moratorium was not terminated by the end of 2015 as originally planned, and is intended to continue until tools for land concession monitoring are in place, and evidence on their performance exists and can be monitored <sup>(7)</sup>.

In general – and this is of relevance globally – the quality of land concessions is determined by the economic benefits for the nation on the one hand, and the concrete impacts of concession projects on the local population and the environment on the other. Impacts can be positive or negative, as outlined here.

### Positive Impacts

**Government revenue:** Investors are required to pay an annual fee for their lease or concession, providing much-needed revenue to the government. Revenue is also gained from royalty fees and taxes that investors are legally required to pay.

**Rural economic development & job creation:** Resource investments can spur economic development in rural areas by creating employment, establishing out-grower schemes, pouring money into the local economy, and boosting local businesses and enterprises that provide goods and services to the main investor.

**Infrastructure provision:** The infrastructure built by investors – such as improved road connections, access to water supplies, and agricultural inputs – is also of value to local populations and businesses.

**Technology transfer:** Resource investments can be highly technically and technologically advanced. These technologies and production techniques may be transferred to other parties such as local companies in the area, enabling them to improve their production capacity.

### Negative Impacts

**Loss of access to land:** Investors are often given access to land that was already being used by local villages, including communal and individual land subject to customary use rights. Disputes between formal and informal rights holders are likely, and the loss of village land has a highly negative impact on villagers that depend on it to make a living.

**Loss of forest:** The land provided to investors often includes forested areas that are then cleared, resulting in the loss of high-quality, dense, primary forest cover. Development of a project can also lead to the clearance of forest areas outside the concession area. Deforestation can lead to the loss of ecosystem services and non-timber forest products that local communities rely upon.

**Labour issues:** Reports of labour disputes, or cases in which concessions create a negligible number of jobs and where wages are insufficient or non-existent, are all commonplace.

**Compliance issues:** Some investors have not complied with their contracts or with national law. In some cases, investors did not fulfil contractual commitments to provide communities with social development programmes, or failed to develop their concessions at all. Often, full legal documentation for concessions is absent; the areas allocated to companies by the government and the areas they finally develop are not one and the same; and local communities are not consulted about projects in their villages.



# INVENTORYING LAND CONCESSION PROJECTS IN LAOS

## First efforts to take stock

Between 2007 and 2010, the GoL conducted the first national inventory of land concessions. Data were collected and analysed with support from CDE, SDC, and GIZ. This inventory made it possible, for the first time, to visualize and analyse what land had already been granted to investors across the entire country. The results were synthesized in the flagship report entitled “Concessions and Leases in the Lao PDR: Taking Stock of Land Investments”<sup>(11)</sup>. It gave a first nationwide account of the state of granted concession projects, detailing locations and project sizes granted, as well as key characteristics such as origin of investors, investments by sector and sub-sector, and the products planted/extracted or generally invested in. Some key results of the report are as follows:

- Since 2000, at least 1.1 million ha of land in Laos were granted in 2,642 leases and concessions – more than the entire area devoted to rice production in the country (0.97 million ha).
- The major investors in terms of number of projects come from Vietnam, China, and Thailand, and foreign projects account for 72% of the total area inventoried.
- Investment overwhelmingly focuses on primary production – 91% of total area – mainly for agriculture, tree plantations, and mining.
- Agrarian production in many areas transitioned from a diversity of traditional subsistence crops to a few export-oriented cash crops. This loss of diversity points to a potentially dangerous dependence on international markets and exposure to price fluctuations.
- Concessions and leases tend to be located in regions with poverty rates around the national average, and in relatively accessible areas. Investors tend to prefer less remote locations, despite government efforts to direct investment to poor, remote regions.

## Updating the existing national land concession inventory

The concession landscape is changing fast. More investment is pouring in, some projects have run into problems, many are still operating, and others have been abandoned. The previous concession inventory is woefully out of date. In 2014, the GoL launched an initiative to update and enhance the existing national database on land concessions through cross-ministerial collaboration, with technical assistance by CDE through the Lao DECIDE info project. While the first inventory collected important data such as area size granted, location, and origin of investors, it was not able to capture the impacts and quality of investments, nor was it able to verify the amount and location of land that investors were actually developing. The second inventory addresses these shortcomings, and includes spatially explicit data on the area of concessions that have actually been developed. This allows a comparison with the areas that were allocated and the size of these concessions as originally granted in the contract. It also provides basic data on the level of companies’ compliance with Lao law, as indicated by the amount and type of official documents available and the date on which they were issued.

A methodology for this inventory update and enhancement was developed and tested for the sectors agriculture (including tree-plantation) and mining in Northern Laos. A nation-wide update using this methodology was recently concluded. Data were obtained through (1) Comparing data from multiple sources: we cross-checked the existing concession database of the GoL at the central level with information obtained from the investors as well as GoL line agencies at province and district level; (2) Meetings with district authorities: we obtained signed official documents including key information on concessions and lease projects from the heads of relevant district offices; (3) Participatory mapping: we plotted the current boundaries of active concession projects using A0 paper maps displaying the district area and auxiliary spatial data (boundaries, roads, village locations) on high-resolution satellite imagery. In addition, the results of the analysis were disseminated and discussed with the local government authorities (province and district) at the provincial workshop.



Participatory mapping of developed concession project areas, with district and provincial authorities, for updating the land concession inventory at Xai district, Oudomxai province. Photo: Vong Nanhthavong



Collecting data and documents for concession projects at Nan district office in Luang Prabang province. Photo: Vong Nanhthavong





A rubber plantation in Phin District, Savannakhet province. Photo: Miles Kenney-Lazar

## Insights from the inventory update in Luang Prabang province

Comparing the updated inventory data of 2014 with the first database from 2010 showed a dramatic rise – 77% – in the number of concessions. In 2010, there were only 78 projects in Luang Prabang province, compared to 138 projects in 2014 (3 crop, 20 livestock, 8 tree plantation, and 107 mining projects). Besides this immense increase in number, we also found a high turnover rate and high dynamics in terms of project implementation stages. We compared project status between 2010 and 2014 of the agriculture projects (crop, livestock, and tree plantation). Out of 59 active projects in 2014, a total of 32 projects were completely new since the assessment in 2010. Only 27, or 46%, had existed in 2010 (see Table 1). For 24 of these projects there was no change in status: 17 that were active in 2010 were still active in 2014; five projects were never started; and two projects had already stopped operating in 2010.

The vast majority of projects in Luang Prabang from our assessment in 2014 (113, or 82%) were Lao investments. Only 23 projects, or 17% of all projects, were foreign investments. Two were joint ventures. In Luang Prabang, mining is currently the most dominant investment in terms of the number of projects. There are 107 projects, mostly small sand and gravel exploitation projects, which were granted less than 1 ha per project. Figure 2 gives an overview of the locations, products, and country of origin of the investors for the projects in Luang Prabang.

Foreign investment represented 81% of the area granted. Rubber is the most dominant product, covering 80%, or more than 21,000 ha – even though there were only eight rubber projects. In terms of area granted, rubber was followed by livestock projects, with a total area of 3,422 ha granted to 20 projects.

		2014			
		Not yet started	Active	Never started	Stopped
2010	Not yet started				
	Active		17		
	Never started		2	5	1
	Stopped				2
Newly approved projects in 2014			28	1	3

Table 1: Overview of changes in project status from 2010 to 2014 in Luang Prabang and Xiengkhouang provinces.



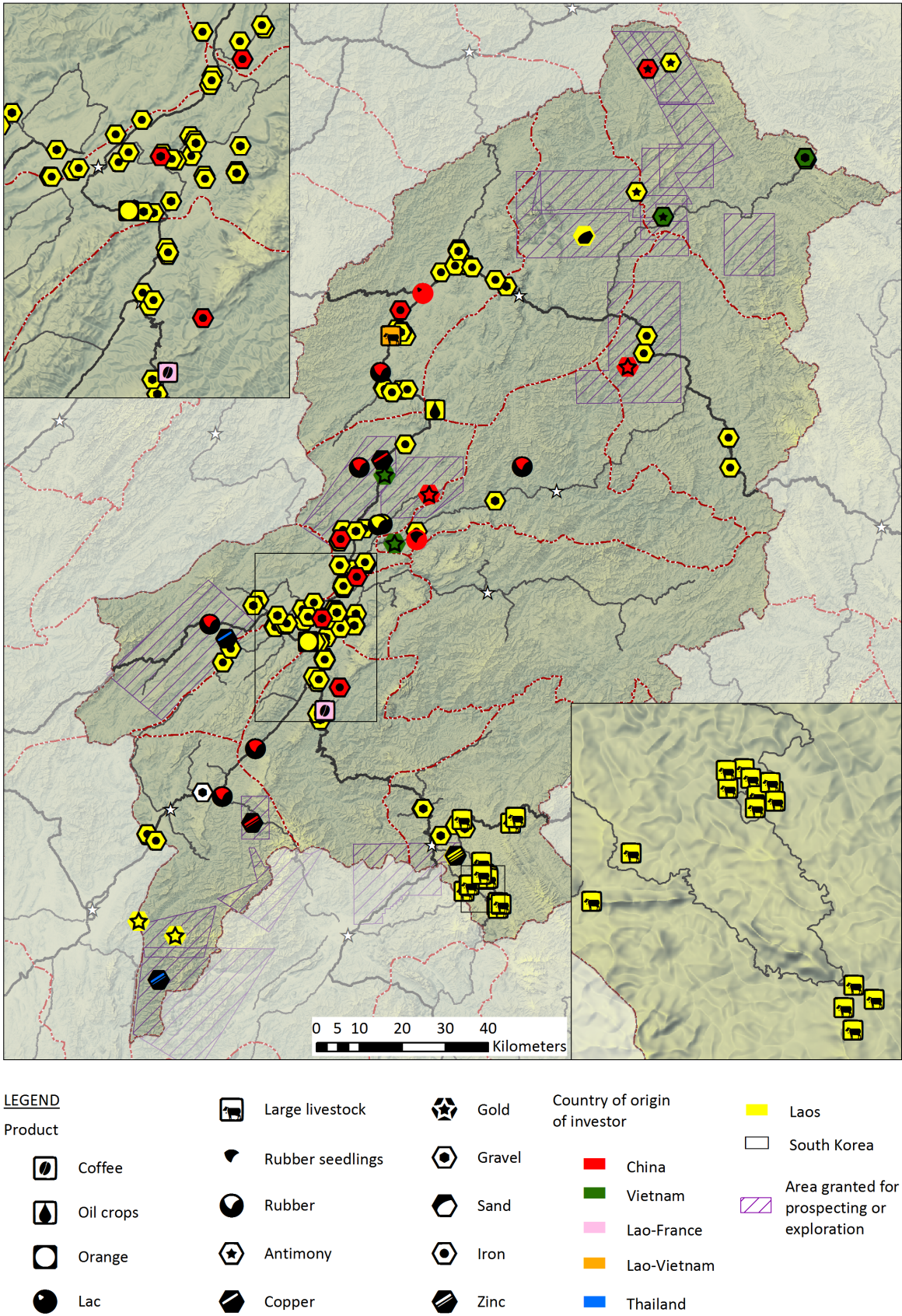


Figure 1: Overview of products and country of origin of concessions and leases in Luang Prabang in 2014 in the sub-sectors of agriculture, tree plantation, and mining.

## HOW DO WE ASSESS QUALITY OF INVESTMENT (QI)?

A number of international guidelines exist and give broad guidance on the criteria of what constitutes a “good” investment, e.g. the voluntary guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security <sup>(8)</sup> and the Handbook on Agriculture and Extractive Industries <sup>(9)</sup> (see Box 2). Following these guidelines as well as taking into account Lao laws and regulations, we designed a methodology to obtain concrete answers on the quality of land projects in Laos. At its core is a set of questionnaires for interviewing key stakeholders of concession projects. The QI questionnaires operationalize the rather abstract recommendations of the international guidelines, and relate very specifically to Lao customs and laws.

Through the QI survey of land concessions, our aim was to be able to compare the quality of investments within and across products and product groups, and thereby to identify

patterns of poor or good quality. Furthermore, we use the questionnaires as a basis for the rating system we are currently developing – the investment quality index, or IQI. To assess the quality of land concessions, we focused on four facets, which we define below: legal compliance aspects, environmental impacts, economic impacts, and social impacts. Additionally, we included a section on the overall perception of the project by the respective stakeholders through two multiple choice questions on the perceived positive and the perceived negative impacts of the project. This section of the questionnaires was co-designed with experts from the World Bank and the United Nations Conference on Trade and Development (UNCTAD), for comparability with their global assessment on agricultural concessions <sup>(10)</sup>.

### Guidelines for responsible investment

**The Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security, produced by the Food and Agriculture Organization (FAO) of the United Nations <sup>(8)</sup>,** is the most widely recognized and respected standard for governing land-related investments. The guidelines were created in consultation with representatives from public institutions, private companies, and civil society across the developing world. They provide criteria for evaluating what a high-quality investment could look like, as agreed upon by a wide range of development actors. Specifically, the guidelines offer the following instructions regarding responsible land-based investments:

Responsible investments should do no harm, safeguard against dispossession of legitimate tenure rights holders and environmental damage, and respect human rights. Such investments should be made in partnership with relevant levels of government and local holders of tenure rights to land, fisheries, and forests, respecting their legitimate tenure rights. They should strive to further contribute to policy objectives, such as poverty eradication, food security, and sustainable use of land, fisheries, and forests. They should also support local communities; contribute to rural development; promote and secure local food production systems; enhance social and economic sustainable development; create employment; diversify livelihoods; provide benefits to the country and its people, including the poor and most vulnerable; and comply with national laws and international core labour standards as well as, when applicable, obligations related to standards of the International Labour Organization.

**Foreign Investment, Law and Sustainable Development: A Handbook on Agriculture and Extractive Industries, published by the International Institute for Environment and Development (IIED) <sup>(9)</sup>** is another important guiding document for responsible land investments. The guidebook offers the following key provisions that help to inform an evaluation approach:

- I. Public policies and decisions on investments should have a strategic vision of sustainable development based on local and national aspirations, thus ensuring that such decision-making is a bottom-up process.
- II. The government should ensure that investments constitute a “fair economic deal”, and that control is maintained over the economic benefits the project provides to the government and to the local economy.
- III. Social and environmental considerations must be taken seriously, particularly local land rights, labour rights, and environmental protection.
- IV. Investment protection must be balanced with competing policy goals of economic development, social advancement, and environmental protection – in order to ensure that all stakeholders benefit.

Box 2: International guidelines for responsible investment considered in our quality of investment assessment.

## Four facets of investment quality and their indicators

For our QI methodology, we divided investment quality into four separate facets: legal compliance, environmental impacts, economic impacts, and social impacts.

**Compliance** refers to the process by which companies have established their investment, with a focus on implementation at the local level and the process by which the company acquired land. It refers to compliance with Lao law as well as principles of responsible investment that are above the current legal requirements.

**Environmental impacts** are measured through six indicators ranging from pollution and chemical use to forest clearance, impacts on livestock, and environmental reporting and assessment.

**Economic impacts** include the different ways the project has affected the economic status of surrounding communities, the local economy, and the national economy. Many of the indicators are focused on assets taken from or provided to local communities, such as land, resources, infrastructure, and cash.

**Social impacts** are mainly focused on labour issues, such as wages, labour practices, health impacts, types of labourer hired, and whether workers are hired locally. Indicators also examine the project's impact on the social development of surrounding communities as well as the project's effects on food availability.



Figure 2: Quality of investment is assessed through four facets: compliance, environmental impacts, economic impacts, and social impacts.

For each facet, we identified six to eight key indicators capturing the most important issues contained within the facet, and which could be evaluated based on information obtained from stakeholder interviews. Concrete interview questions were then formulated for each indicator. Table 2 gives an overview of the facets, indicators, and selected questions.

Multiple sources were consulted to determine the variables to include in the questionnaires, including Lao laws and

regulations, the FAO Voluntary Guidelines<sup>(4)</sup>, and the recent World Bank report on The Practice of Responsible Investment Principles in Larger-Scale Agricultural Investments<sup>(5)</sup>. We selected indicators in a participatory manner. The project team, comprised of experts from different government agencies and researchers from CDE, collaboratively drafted a first selection of indicators. The draft was then shared with experts within the ministries and international experts on-site working on other related projects.



Facet	Indicator	Selected questions from questionnaires
Compliance	Surveying & approval	Was land cleared before or after the proper legal procedure was complete (contract signed, project approved, land survey conducted, and concession map created)?
	Concession boundary	Has land been cleared outside the concession boundary and if so, by how much?
	Contract violation	Has the concession contract been violated and if so, how seriously?
	Village consultation	Was the whole village informed of the project before it was approved? Did they have an opportunity to negotiate its key aspects?
	Village consent & grievance mechanisms	Village consent & grievance mechanisms: Did villages consent to the project in a free, prior, and informed manner? Were villagers able to raise grievances after the project began?
	Project progress	How quickly is the project advancing? Is it ahead of schedule, behind, or abandoned?
	Progress reporting	Has the company provided regular progress reports to the government?
Environmental impacts	Types of forest cleared	Have forests been cleared illegally by the project?
	Environmental Impact Assessment (EIA)	Did the company conduct an EIA before implementing their project?
	Environmental reporting	Has environmental reporting occurred as required, and has an Environmental Management Plan (EMP) been created?
	Chemical use & management	Are the chemicals being used approved and what impacts have they had on surrounding areas?
	Pollution	What degree of air, water, soil, and noise pollution is produced by the project? How good is the project's waste disposal system?
	Livestock impacts	Has the project impacted the number of livestock in surrounding villages?
Economic impacts	Amount of household land lost	How many households lost land in the village and how much land has been lost per household?
	Importance of cleared land	How important was the land cleared for the project to villagers' livelihoods?
	Compensation	Has compensation been provided to households that lost land and how did the valuation process occur?
	Payment of fees	Have all required fees, royalties, and taxes been paid in full?
	Infrastructure development	What amount of promised infrastructure has been developed and to what degree were local communities involved in decision-making?
	Income change	Have household incomes increased or decreased as a result of the project?
	Change in natural resources	Is there a change in the availability of natural resources important to village livelihoods, as a result of the project?
	Impact on local economy	Are villagers satisfied with out-grower schemes, if provided, and does the company process its output locally?
Social impacts	Use of foreign labour	Is the company's use of foreign labour within legal limits?
	Age and gender of labourers	Are the ages of workers within the legal limit, are all age groups represented, and are men and women employed in equal numbers?
	Wage rates	Are wage rates above the minimum wage? Are men and women paid equally?
	Labour practices	Have there been reports of poor working conditions or unfair labour practices?
	Labour sourcing	How many jobs are available for villagers surrounding the project area?
	Health & safety aspects	Are health insurance or payments provided? Are workers trained in safety procedures and has the project impacted villagers' health?
	Impact on food security	Has food security for surrounding villages changed as a result of the project?
	Technology transfer & social development	Did the company introduce new technology or training that villagers now use in their own farms and businesses? Did the company provide the agreed social development programmes?

Table 2: Overview of indicators and selected questions from the QI questionnaire on the four facets: compliance, environmental impacts, economic impacts, and social impacts.



## Questionnaire and survey design

We chose to use structured interviews for our QI assessment. We designed the questionnaires to contain mostly closed-ended and semi-closed-ended questions, to ensure maximum comparability of data without extensive interpretation of the answers, and to minimize the time spent in the field and on post-processing of the data. This was necessary due to the large number of projects to be evaluated. We used dichotomous (yes–no), Likert-type scale,

or list-of-items questions. The questionnaires included a small number of open-ended questions requiring free responses by the interviewees. While open-ended questions do not play a direct role in the envisaged investment-quality rating system, they provide important additional information and support for the closed-ended questions and give more details on key aspects of quality. Table 3 gives a small selection of questions from one of the questionnaires used.

**Did the community consent to the implementation of the project in the village area?**

☐ Yes, free, prior and informed consent      ☐ No, consent was not provided

☐ Yes, but without free, prior and informed consent      ☐ No, didn't ask for consent

☐ Don't know

**Did the company pay compensation to the affected households for lost land?**

☐ Yes      No. If no, why not? ☐

**What the percentage of each type of land was allocated for the concession?**

1. Primary forest: |\_\_\_\_\_|%

2. Secondary forest: |\_\_\_\_\_|%

3. Degraded forest: |\_\_\_\_\_|%

4. Fallow forest for shifting cultivation: |\_\_\_\_\_|%

5. Barren land/empty land: |\_\_\_\_\_|%

6. Paddy: |\_\_\_\_\_|%

7. Shifting cultivation: |\_\_\_\_\_|%

8. Garden: |\_\_\_\_\_|%

9. Grazing land: |\_\_\_\_\_|%

10. Others, specify: \_\_\_\_\_ |\_\_\_\_\_|%

11. Don't know

**How satisfied are villagers with the contractual terms and conditions under the out-grower scheme with the company?**

☐ Very satisfied      ☐ Somewhat not satisfied

☐ Somewhat satisfied      ☐ Not satisfied at all

☐ Average

Table 3: Examples of questions from the village questionnaire.

### Target groups

As we had three main target groups – affected villagers, government authorities, and company representatives – we created three main types of QI questionnaire. For the government authorities, we tailored the questions to their respective government mandates. We designed three sets of these questionnaire suites, one each for tree plantation projects, other agriculture projects (crop, livestock), and mining projects. The interviews with the three main target groups were conducted as follows:

**Villages:** we conducted two separate interviews, at household and at village level. The household interviews were conducted as focus group discussions with representatives of households (1) who lost land to the investments, (2) whose members work for the investment, (3) who lost no land, and (4) with no members working for the investment. The village interviews were conducted with village-level stakeholders, including village chiefs, village elders, village land units, village foresters, and village women's union representatives. Village authorities and affected villagers were interviewed in focus group meetings.

**Government authorities:** We interviewed a wide range of government offices using separate questionnaires for each. The offices interviewed included Agriculture and Forestry

(PAFO & DAFO), Natural Resources and Environment (PoNRE & DoNRE), Planning and Investment (DPI), Energy and Mines (DoEM), Finance (DoF), and Labour and Social Welfare (DLSW).

For the interviews with GoL agencies we focused on the district level, as the authorities at this level tend to have the best knowledge on the development of individual projects on the ground. The questionnaires for the district-level authorities therefore contained many detailed questions. At the provincial level, the questionnaires focused more broadly on the positive and negative impacts of the project, with the purpose of being used to corroborate district-level results.

**Companies:** Interviews were conducted with all land lease and concession investors, with the company director, deputy director, or site manager, as well as any knowledgeable technical staff.

Table 4 gives an overview of the suite of questionnaires created to obtain information on the quality of investment from these three target groups across the different product categories (tree plantation, other agriculture, and mining). The full suite of questionnaires in English and Lao can be found online.

Focus group interviews	AG	TP	MN
<b>Interviews in affected villages</b>			
<b>Village authorities</b> <ul style="list-style-type: none"> <li>Village chief</li> <li>Village elders</li> <li>Village land unit</li> <li>Village forester</li> <li>Village women's union representative</li> </ul>	X	X	X
<b>Villagers</b> <ul style="list-style-type: none"> <li>Villagers who lost land because of the project</li> <li>Villagers who work for the project</li> <li>Villagers who did not lose the land to the project</li> <li>Villagers who did not work for the project</li> </ul>	X	X	X
<b>Company interview</b>			
<ul style="list-style-type: none"> <li>Company director or site manager</li> <li>Company technical experts on site</li> </ul>	X	X	X
<b>District-level interviews with GoL agencies</b>			
<b>DoPC</b> District Office of Planning and Cooperation	X	X	X
<b>DoF</b> District Office of Finance	X	X	X
<b>DLSW</b> District Office of Labour and Social Welfare	X	X	X
<b>DoNRE</b> District Office of Natural Resources and Environment	X	X	X
<b>DoEM</b> District Office of Energy and Mines			X
<b>DAFO</b> District Office of Agriculture and Forestry	X	X	
<b>Province-level interviews with GoL agencies</b>			
<b>PDoF</b> Provincial Department of Finance	X	X	X
<b>PDoT</b> Provincial Department of Taxes	X	X	X
<b>PLSW</b> Provincial Department of Labour and Social Welfare	X	X	X
<b>PoNRE</b> Provincial Department of Natural Resources and Environment	X	X	X
<b>DPI</b> Provincial Department of Planning and Investment	X	X	X
<b>PoEM</b> Provincial Department of Energy and Mines			X
<b>PAFO</b> Provincial Department of Agriculture and Forestry	X	X	
<b>Total number of questionnaires per project</b>	<b>14</b>	<b>14</b>	<b>14</b>

Table 4: Overview of the suite of questionnaires used for the QI assessment; AG: Agricultural crops and livestock projects; TP: tree plantation projects; MN: mining projects.

### Selection of villages

For each project, we interviewed officials and citizens in the villages most and least impacted by a land concession project. The level of impact was calculated based on the amount of land lost in a village and the population of the village. If a large amount of land was lost, and there was a large population in a village, the level of impact was assumed

to be high. The total number of villages in which interviews were conducted depended on how many villages were affected by a project. We followed the general rule outlined in Table 5 for determining how many village interviews would be conducted per project.

Number of villages affected by a concession	Villages included in the sample	Total number of villages surveyed
1 – 3	Most impacted village	1
4 – 6	Most impacted + least impacted village	2
7 – 15	2 most impacted villages + the least impacted village	3
16 – 25	2 most impacted + 2 least impacted villages	4
≥ 26	3 most impacted + 3 least impacted villages	6

Table 5: Overview of sampling scheme for village interviews.

### Working in the field

All interviews were conducted by field teams comprised solely of government staff from the departments partnering in our project at central level, as well as the provincial and district line agencies of their respective ministries. For the interviews concerning agriculture and tree plantation projects, the field teams were led by the Ministry of Agriculture and Forestry (MAF), and comprised one member of technical staff from, respectively, the Provincial Agriculture and Forestry Office (PAFO), Provincial Natural Resources and Environment (PoNRE) office, and Provincial Department of Planning and Investment (DPI). At district level, team composition was the same as at province level: one staff member from each sector. For interviews concerning mining projects, the field teams were led by the Department of Mines (DoM). Teams consisted of one technical staff member from the Provincial Energy and Mines Department (DoEM) office, PoNRE, and DPI. These teams were joined by one representative from each line agency at district level. In addition, a representative of IPD/MPI and DoLA/MoNRE acted as coordinators with their respective agencies at the provincial and district levels at the start of data collection, but did not join the interviews.

The field team members from the central level in Vientiane completed a five-day training-of-trainers course focusing on qualitative data collection, interview technique, and use of the tablets and software. The teams prepared themselves prior to departing to the field, identifying projects they would visit using the newly collected data from the updated land concession inventory. They made a preliminary selection of villages based on this data, later re-evaluating their choice with province- and district-level authorities. In the field, ad hoc refresher courses on data collection were conducted in the provinces when deemed necessary.

We informed the province governor as well as the province- and district-level authorities of all relevant ministries, and introduced them to the fieldwork through a one-day workshop at the provincial capital. In the follow-up to this provincial workshop, respective line agencies at province- and district-level assigned staff to join the interviewer teams, and the information on the selected concession projects and affected villages was re-evaluated and, if necessary, updated. The core teams from Vientiane acted as trainers to train province- and district-level staff who joined them for the fieldwork.

## Data collection using mobile technology

We used tablets in the field to make the process of collecting, inputting, managing, and analysing data faster and less error prone. We loaded the questionnaires onto these tablets using the free, open-source software Open Data Kit (ODK) Collect<sup>(3)</sup> on the tablets. ODK is an Android application that replaces paper forms and allows for data collection even with no internet connection. Our field teams entered the data directly into the tablets during the interviews. Upon submission, the questionnaires were automatically uploaded to a central government server where results could be immediately viewed and processed, and basic analysis conducted.



Interviews with villagers affected by a concession project at the village office (top) and local school (bottom) in Xieng Nguen district, Luang Prabang province. Photos: Vong Nanthavong

## Pilot QI assessment in Luang Prabang province

We piloted the QI assessment in Luang Prabang province in June–July 2014<sup>(12)</sup>. The QI assessment was conducted after the field campaign to update the existing national land concession inventory for Luang Prabang province. To test our methodology, we surveyed every project that was in its operational or start-up phase, creating a large sample of 74 projects in the sub-sectors of agricultural crops (3 projects), livestock (17 projects), tree plantation (5 projects), and mining (49 projects). All mining projects were very small (< 10 ha). We present some of the results of this pilot study here.

For a first overview of the perception of land concession projects in Luang Prabang, we analysed the questions on perceived project impacts and whether these were positive or negative. All livestock projects were generally perceived as positive by the affected villagers, with similarly positive results for the sand (90%) and gravel (60%) projects. By contrast, the majority of the rubber plantation projects – four out of five – were perceived as predominantly negative. Through our assessment we found that overall, small concessions had more positively perceived impacts than larger ones<sup>(12)</sup>.

The United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) recognizes Free Prior and Informed Consent (FPIC) as a recommended instrument to ensure maximum agreement for a concession project by affected villagers. To prevent the negative impacts of land concessions<sup>(14)</sup>, we looked at the process of consultation with affected villagers during the concession granting process in our QI assessment. We asked our interview partners to what degree and in which manner the village communities that would be affected by the project development were consulted at the time of project negotiation. Our study revealed that consultation had taken place for 95% of the projects in the agricultural sub-sector, which includes livestock and crop projects (19 out of 20). For the tree plantation and mining projects, it was 75% and 86% respectively. However, in two out of five of the tree plantation projects, only village chiefs were consulted, and in one case only the village chief and the village committee were consulted, leaving the village community out of the process (see Figure 3).

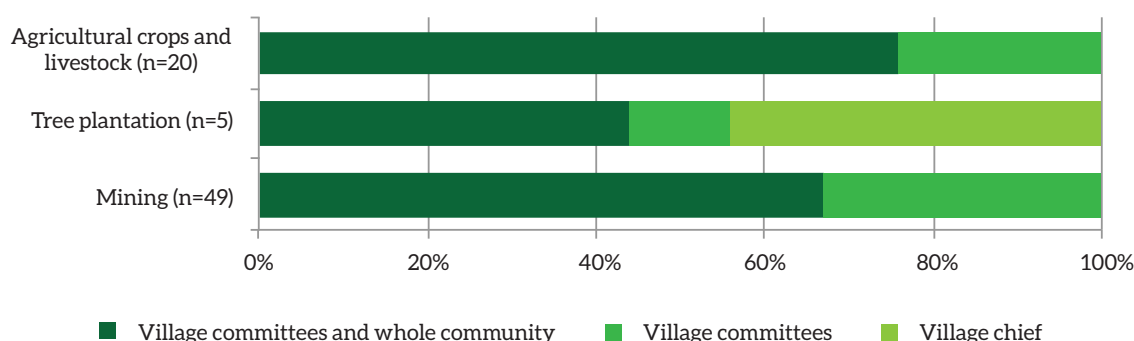


Figure 3: Summary statistics from the QI question “Who in the community was involved in the consultation process prior to granting the concession development” for the three sub-sectors studied in Luang Prabang province: agriculture (encompassing livestock and crop projects), tree plantation, and mining.



In terms of whether the affected village community granted consent to a project, our study revealed the following insights. For the livestock and crop projects (here summarized as “agriculture”) 85% of all communities claimed to have provided free, prior, informed consent (see Figure 4). In the mining sector 70% of villages gave their consent in a free, prior, informed manner, and another 22% gave their consent, but not following the FPIC standard. In the tree plantation sector, however, 75% of villages did not consent

to implementation of the project, and another 16% were not asked for consent in the first place <sup>(12)</sup>. Villagers only consented to 8% of tree plantation concessions.

Our pilot study in Luang Prabang found that rubber plantations were associated with land conflict, inadequate consultation of affected villagers, and loss of access to forest products.

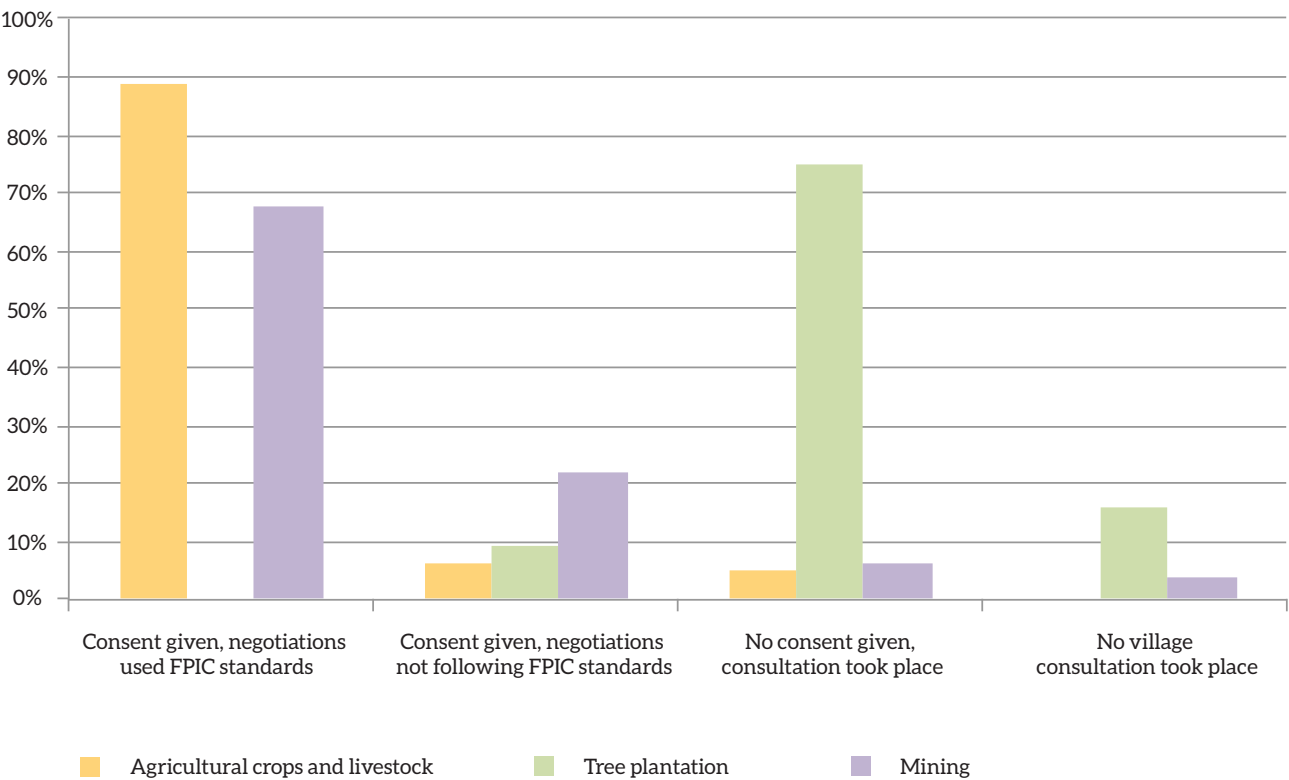


Figure 4: Overview of type of consent given by communities of affected villages for concession projects.



Interviews with villagers affected by a concession project in Phin district, Savannakhet province. Photo: Miles Kenney-Lazar



## DESIGNING AN INDEX TO RANK CONCESSION PROJECTS ACCORDING TO THE QI ASSESSMENT

Having developed the QI methodology, and at the request of the Lao government, we are working to create an index that would allow a rating of concession projects in terms of their QI performance in the four facets of compliance, and economic, social, and environmental impacts. The aim is for this index and ranking system to be used for concession monitoring over time by the GoL, as well as to compare projects of a given product at a given time, or to compare the investment quality across different investment products – e.g. livestock versus tree plantation projects.

We drafted a multi-tiered rating system – the investment quality index, or IQI – using the information from the QI assessment together with selected variables from the land concession inventory database currently also updated through Lao DECIDE info III. A hierarchical system provides

the user with a quick and easy overview of the projects at the first tier, by giving a score from 1 (“bad-quality” investment) to 100 (“good-quality” investment). This is the score the GoL has asked to see. However, for a closer look at the reason why a project might have low scores, our score from Tier 1 can be disassembled into the four facets defined for our QI assessment – compliance, and environmental, economic, and social impacts. This provides a more detailed analysis of how a project is performing in a specific facet. Finally, the Tier 2 scores of the four facets can be traced further down to the single variables, enabling the most significant shortcomings of a project to be identified. The IQI thus has the advantage of being able to generate a score in an almost automated way using the data from the national land concession inventory and QI assessments.

### How does the investment quality index (IQI) work?

In our pilot version of the IQI, each of the four facets (compliance, economic impacts, social impacts, and environmental impacts) is weighted equally and can contribute 25% to the overall score. At the most general level, Tier 1, we added together the scores obtained in every facet to give a single quantitative rating on a scale of 1 to 100. Investments rated close to 100 performed well in terms of their environmental, economic, and social impacts, and were in compliance with Lao law.

To come up with scores for the four facets, we identified key indicators for each facet. We selected seven indicators for the compliance facet; six for environmental impacts; eight for economic impacts; and eight for social impacts. Table 2 gives an overview of the chosen indicators per facet. Each indicator within a facet is weighted equally, and can thus contribute with the same number of points to the overall score. For example, one indicator in the compliance facet concerns the village consultation process. The indicator can give a total score of 3.58 points, which is the maximum score for compliance facet <sup>(25)</sup> divided by the number of indicators <sup>(7)</sup>.

Each indicator is built up from one or more variables resulting from the QI questionnaire, with scores given to different possible values of the variables. Table 6 gives an example of the system we followed to define the scores of variables related to the “village consultation” indicator in the compliance facet. We sub-divided this indicator into two sub-indicators, the first examining the type of consultation, and the second looking at the degree of involvement in the consultation process. Since there are seven indicators in the compliance facet, the indicator on village consultation can obtain a maximum score of 3.57, so the sub-indicators can obtain a maximum of score of 1.785. For the sub-indicator dealing with the type of consultation, we had a choice of five different answers in the QI questionnaire. We rated these options from best quality (“Villagers were clearly informed and had the opportunity to negotiate on all four aspects”), to worst quality (“Villagers were not informed well and were not able to negotiate on anything”). We gave a full score of 1.785 to the first option and zero scores to the latter option. The options in between were given one-fifth, two-fifths, three-fifths, and four-fifths of the total score, according to their quality ranking (see Table 6).

Village consultation		Total possible score	3.57
(1) Type of consultation		Total possible score	1.785
Question: Were villagers clearly informed and how many of the following aspects were they able to negotiate: (1) concession size, (2) land allocation, (3) land compensation, (4) benefits, (e.g. employment, cash, infrastructure, and facilities)?			
Options (one out of six)			Scores
A	Villagers were clearly informed and had the opportunity to negotiate on all four aspects		1.785
B	Villagers were clearly informed and had the opportunity to negotiate on three out of four aspects		1.428
C	Villagers were clearly informed and had the opportunity to negotiate on two out of four aspects		1.071
D	Villagers were clearly informed and had the opportunity to negotiate on one out of four aspects		0.714
E	Villagers were clearly informed but did not get the opportunity to negotiate any of the four aspects		0.357
F	Villagers were not informed well and were not able to negotiate on anything		0
(2) Degree of involvement of village		Total possible score	1.785
Question: Who in the community was involved in the consultation process?			
Options (one out of four)			Scores
A	Village authorities and the whole community		1.785
B	Village committees (e.g. village chiefs, village land unit, forester, women's union, etc.)		1.19
C	Village chief		0.59
D	No one – no consultation		0

Table 6: Example of scoring for the indicator on village consultation. The indicator is divided into two sub-indicators, and scores are given depending on which option of each sub-indicator applies.

## Examples of project ratings using the IQI

Following the IQI methodology detailed above, a project can be analysed at three levels of aggregation: At Tier 1 using the overall score ranging from 0 to 100; at Tier 2 focusing on scores for every one of the four facets (compliance, and environmental, economic, and social impacts); and finally, at Tier 3 looking at every indicator contributing to the rating system.

Applying our draft IQI to the four rubber plantation projects of the QI assessment in Luang Prabang shows that major quality differences are found for a single crop. As Figure 5 shows, the QI scores of the rubber plantation projects ranged from 67 (Project 1), to 48 (Projects 3 and 4), to 30 (Project 2). None of the projects were of exceptionally good quality, and three of the four projects scored lower than 50. This result is in line with the affected communities' perception of the projects.

### Project name Overall project score (Tier 1)

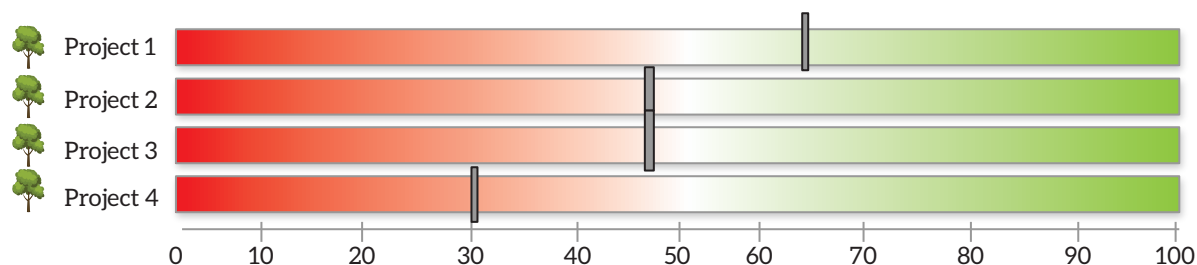


Figure 5: Tier 1 scores of the IQI for four rubber plantation projects in Luang Prabang province sorted in descending order, from highest to lowest score.

A closer look at the Tier 2 scores of these projects reveals major differences between the projects in terms of the quality performance within the four facets (see Figure 6). First, no facet appears to be consistent in terms of its quality. Each of the rubber plantation projects in Luang Prabang province had a different ranking for the four facets. For Project 1, “compliance” scores highest of all facets (22 points out of 25 possible, or an 88% quality achievement), followed by “environmental impacts” (21 points out of 25 possible, or 84% quality achievement), then “economic impacts”, and finally “social impacts” (with the lowest score of 11 out of 25, or 51% quality achievement). For Project 3, the ranking of the four facets in terms of scores reached is 1<sup>st</sup> – environmental impacts, 2<sup>nd</sup> – social impacts, 3<sup>rd</sup> – compliance, and 4<sup>th</sup> – economic impacts.

Tier 2 of the IQI allows us to easily compare the four facets between the projects. It shows that even though Projects 3 and 4 have the same overall score, the challenges with regard to quality are very different. Project 3 would benefit most from ensuring greater positive economic impacts on the affected village communities; for Project 4, it appears that efforts to minimize environmental impacts were not addressed at the start of the project, and remediating them should now be top priority.

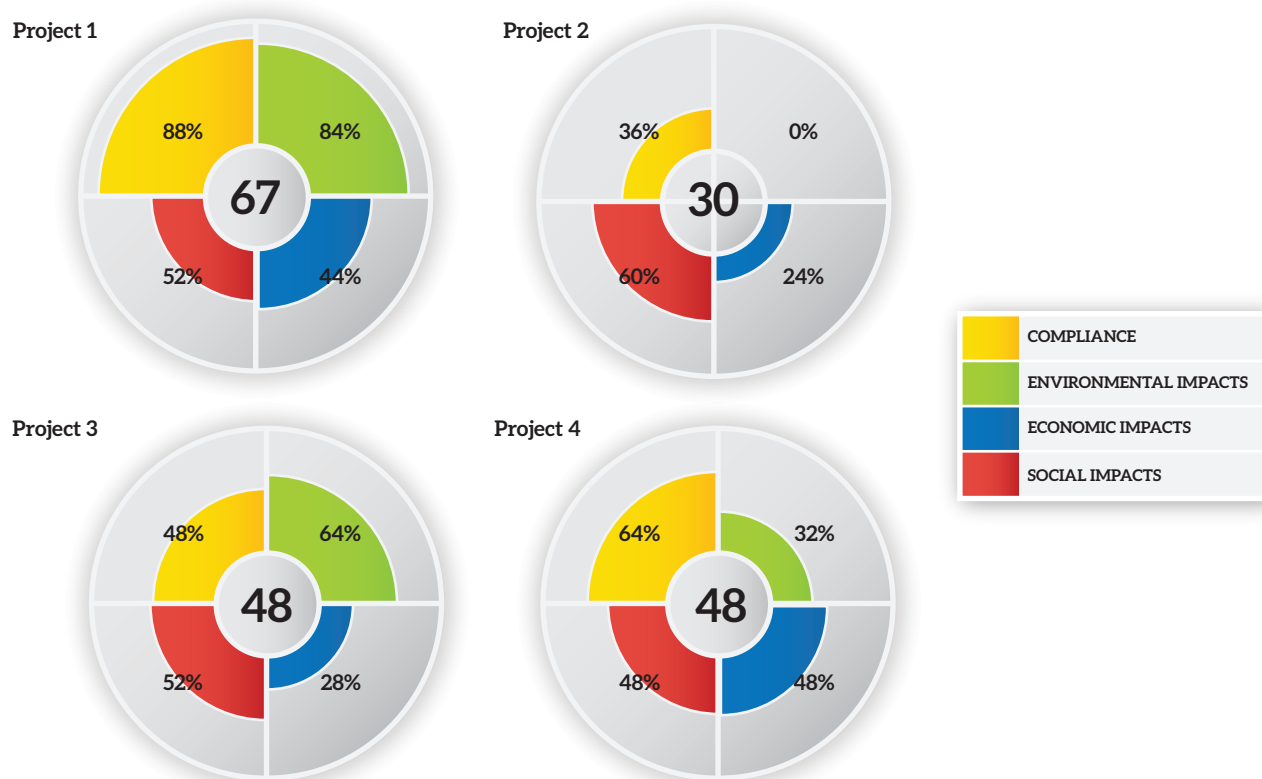


Figure 6: Comparison of IQIs (Tier 2) for four rubber plantation projects in Luang Prabang province.

The third level, Tier 3, permits a closer look at the variables that may have performed poorly within the four facets. Figure 8 gives examples of how the variables can be visualized at Tier 3 for Projects 3 and 4. Under the environmental impacts facet, neither project conducted an impact assessment or environmental reporting. While Project 4 seems to have adequately managed the aspects of chemical use and pollution of the environment, this is not the case for Project 3. As mentioned above, the quality of

economic impacts for affected village communities of Project 3 is particularly low. While all taxes and royalties have been paid by the project, over half the households lost land that was of economic importance to them, and none of them were compensated for this. A majority of the households that lost land lost more than half their land. In addition, the project has not benefited the affected households in terms of providing income.

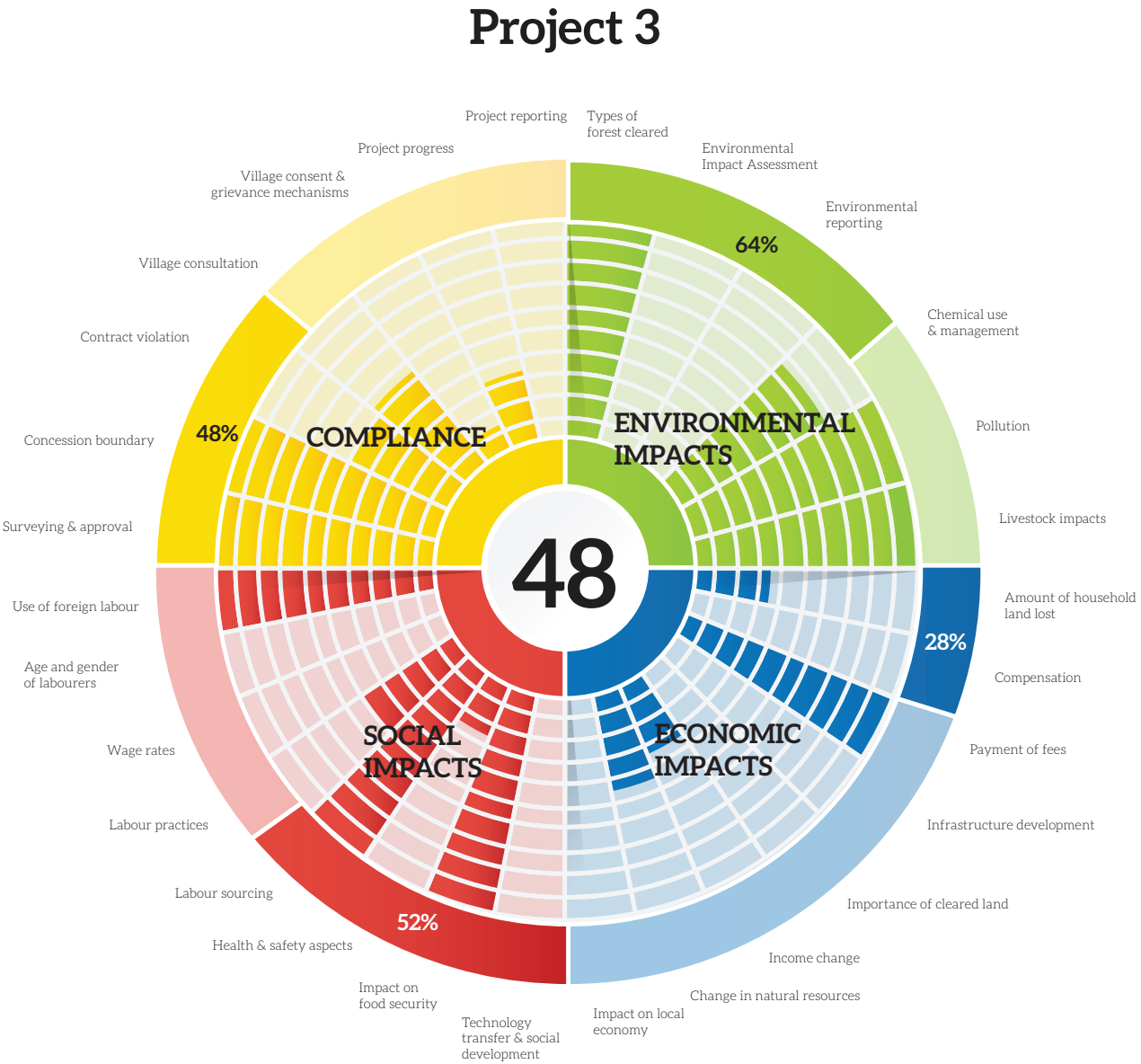
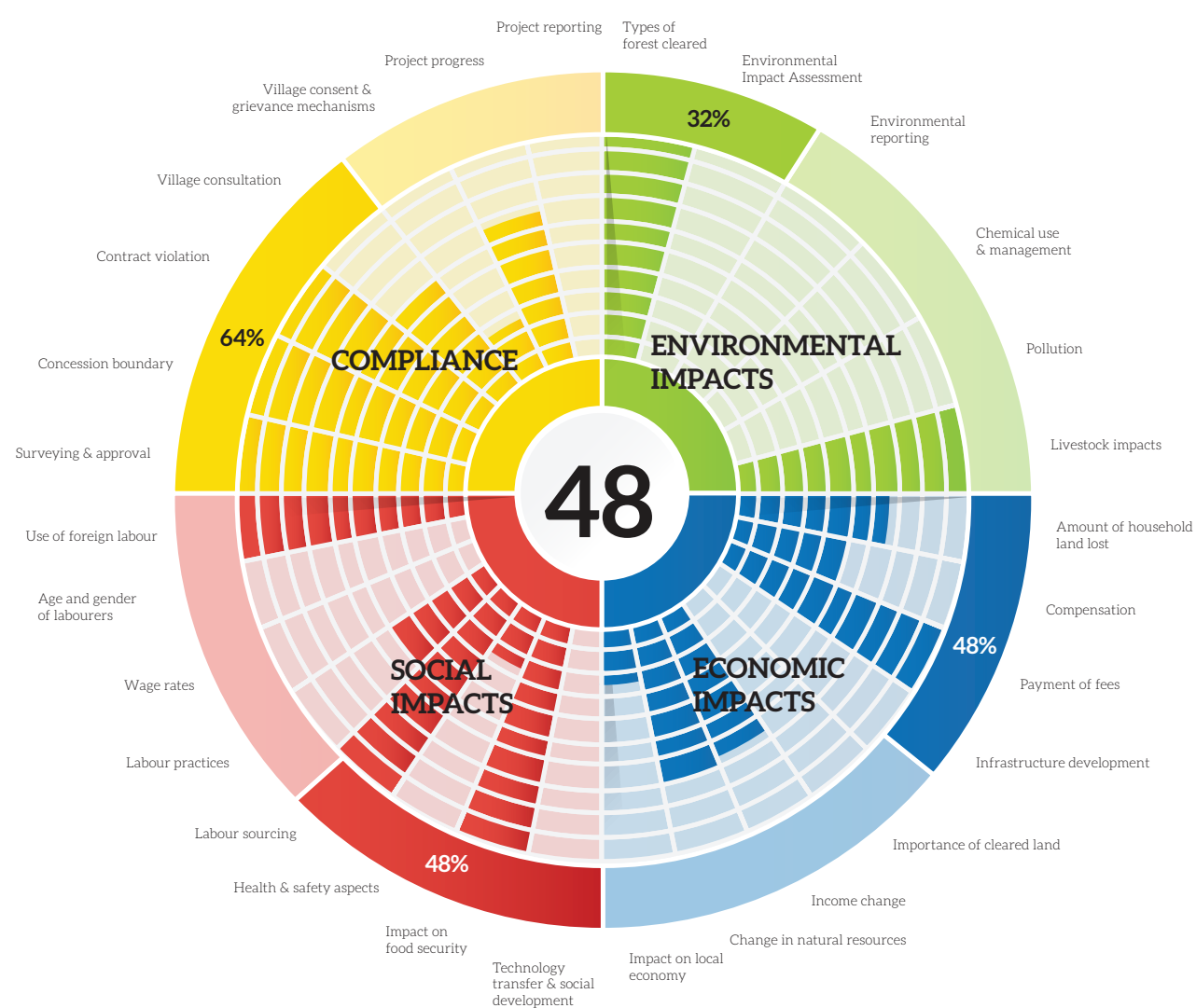


Figure 7: Examples of the visualization of the IQI at Tier 3. At this most detailed level, all the indicators contributing to each facet are clearly visible.

While we developed the QI methodology in close partnership with the involved GoL line agencies, the IQI is only a first draft in response to the GoL's call for such an index. It has so far been designed by a small group of experts to enable testing and evaluation of the approach.

The next steps in finalizing the IQI are to fine-tune its elements (the indicators and sub-indicators) in a participatory manner with all GoL line agencies. This means revising the indicators and selecting variables (which ones and how many), as well as defining the weighting of the variables.

## Project 4





## METHODOLOGICAL CHALLENGES AND RECOMMENDATIONS

Evaluating the impacts and judging the quality of land concessions has proven to be a complex and challenging endeavour for several reasons.

First, there are many conflicting metrics to determine what constitutes a high- or low-quality investment in terms of the different impacts (environmental, economic, or social). We therefore divided our QI assessment into four facets – compliance, and environmental, economic, and social impacts – based on which we designed a multi-dimensional index, the IQI. We also ensured that our study could be carried out through interviews.

Second, any evaluation such as our QI assessment is a highly subjective exercise, as the methodology inevitably reflects the values of those who design it, the evaluators who implement it, and the agencies that fund it – ultimately influencing the results. To minimize the subjectivity of our assessment, we followed international guidelines and standards, and tried to operationalize selected concepts into questions that were adapted to the local context. For example, we found that it was difficult to enquire about whether land contracts were negotiated following the FPIC standard, as there is no technical term for FPIC in the Lao language nor much of an understanding of this concept at the local level. We therefore had to design a set of questions for the interviews to tease out the situation with regard to this measure, and to interpret the respondents' answers. We also consulted with international and national experts from different fields from the start of the design of the QI questionnaires, to minimize bias that might arise in the questionnaires due to the professional orientation of the core team.

Third, land concessions are major drivers of the economy, so there are different political and economic interests involved. We were aware that often, there were different realities regarding the same case, inevitably leading to the emergence of conflicting information from different sources (e.g. companies vs villages), either due to different interests or a lack of information or comprehension. For this reason, we chose to interview not only one affected stakeholder group (e.g. affected villagers), but also state agents at different levels, as well as company representatives. In case of conflicting views on a project, we can at a later stage perform a detailed inspection to determine the causes and find ways of mitigating the problem.

Finally, our QI methodology examines companies manually and individually, so it is time-consuming and expensive. In future, it would be desirable to set up an information management system that automatically creates scores for each indicator, sector, and company. This would allow selected data collected through the updating and enhancement of the land concession inventory to also be included and used for the IQI. The scores would still need to be inspected and complemented by an interview-based approach, but this semi-automated approach would save a great deal of time, and reduce labour costs.



Participatory mapping of developed areas of concession projects with district authorities for updating the land concession inventory at Thakhek district, Khammouan province. Photo: Vong Nanhthavong





Coordination workshop to start the data collection for updating the Lao land concession inventory and for assessing quality of investment of concession projects in Phongsaly province. Photo: Vong Nanthavong

## LOOKING FORWARD

Land concessions can contribute to national economic development, but often do so at the expense of local livelihoods and the environment. Some concessions, however, have greater and more negative social and environmental impacts than others. Evaluating the quality of land concessions gives the GoL a baseline from which to analyse, regulate, and improve the outcome of investments in the country's natural resources.

With the results of this study, we hope to contribute to a better understanding of the issues around land concessions in Laos. The results enable us to point out key stumbling blocks that are linked to "bad" investments, and key stepping stones that lead to "good" investment outcomes within the four facets studied. The QI assessment and rating system offers the government a detailed understanding of how land concessions are being implemented across the country. It also offers a wealth of insight for policy and legal change. Finally, it can be used for developing guidelines for responsible investment, a project on which NGOs are currently working.

Ideally, the QI assessment should be carried out repeatedly, allowing projects to be evaluated as they develop, with an increase or decrease in scoring over time, rather than the single baseline study score. Projects which fail to improve their scores over time – and hence continue to negatively impact local communities or the environment – could then face strong measures, such as fines or contract cancellations.

Until now there was no single source of information on the various aspects of quality of land concessions and their impact. A broader understanding of how these projects play out on the ground will ultimately shape how the Lao government regulates them. We look forward to further developing and finalizing the IQI together with the GoL and in consultation with Lao development partners – and thus encouraging exchange, mutual learning, and a truly co-designed ranking system for land concessions. This will bring us closer to the goal of using land acquisitions as a tool to contribute to socio-economic development, poverty reduction, and sustainability in Laos.

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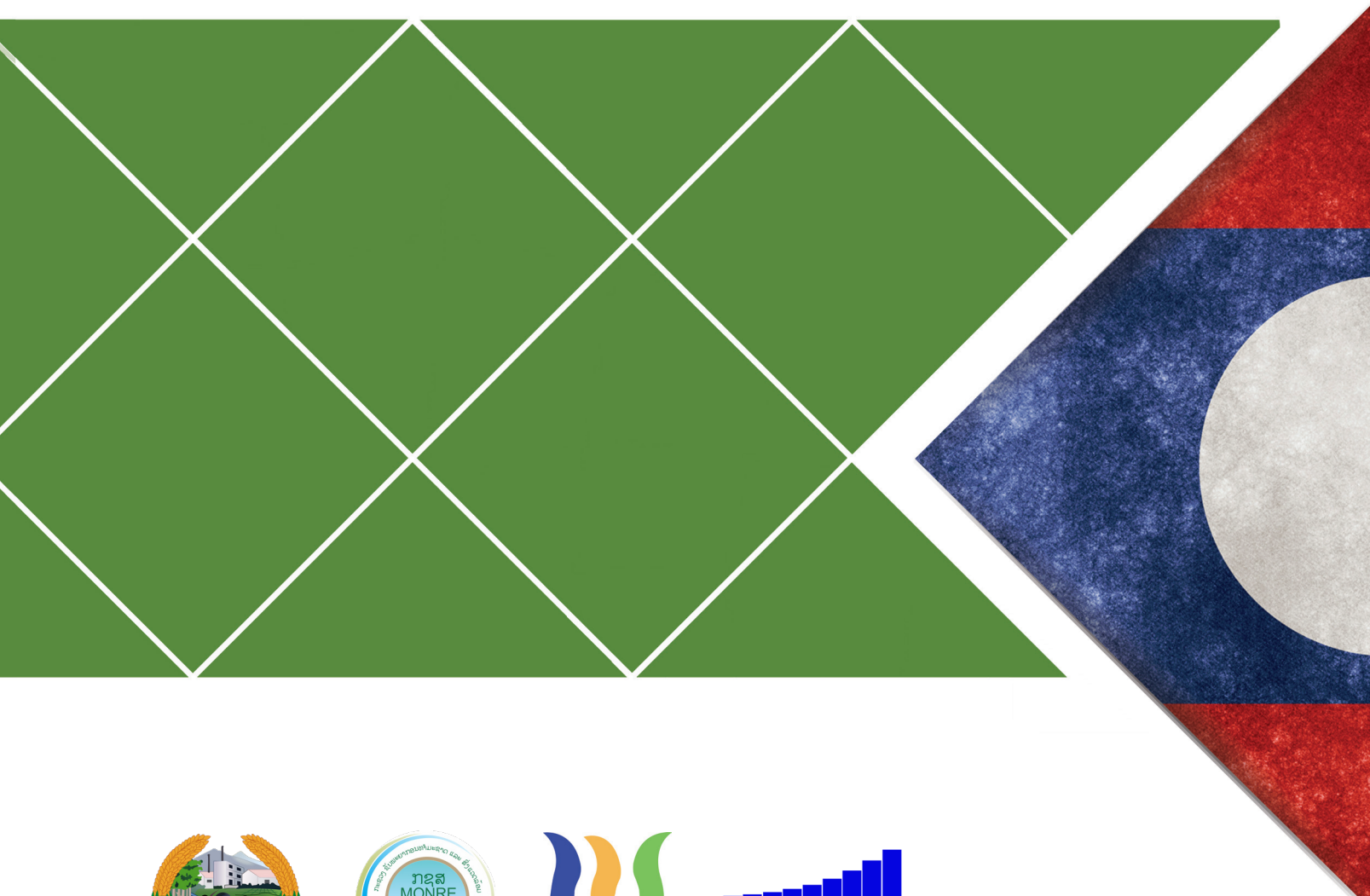
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